Business Council for Sustainable Energy

The Role of Business in Promoting Integrated Strategies to Address Local Air Quality, Public Health, and Greenhouse Gas Emissions Reductions

Side Event at the Eighth Conference of the Parties to the United Nations Framework Convention on Climate Change

Convened by:

Business Council for Sustainable Energy
US Agency for International Development
US Environmental Protection Agency
National Renewable Energy Laboratory

October 26, 2002
Vigyan Bhawan Convention Center
New Delhi, India

Event summary

On October 26, 2002 the Business Council for Sustainable Energy (BCSE), in collaboration with the US Agency for International Development (USAID), the US Environmental Protection Agency (USEPA) and the National Renewable Energy Laboratory (NREL), convened a side event on ***"The Role of Business in Promoting Integrated Strategies to Address Local Air Quality, Public Health and Greenhouse Gas Emissions Reductions"*** at the Vigyan Bhawan Convention Center at the Eighth Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change in New Delhi, India.

The side event sought to provide an overview of the Integrated Environmental Strategies (IES) program with a special focus on the program's work in India and an opportunity for representatives from businesses, industry groups, trade associations and government agencies to engage in discussion on the role of the private sector in promoting clean energy technologies that have both local and global environmental benefits.

Introduction and Side Event Goals

Following a brief introduction by John Garrison of the BCSE on the role of the private sector in developing and implementing clean energy policies to reduce air pollution and greenhouse gas emissions, John Smith-Sreen with USAID, India provided a brief introduction on the need for integrated approach to environmental management. Highlighting the outcomes of the World Summit on Sustainable Development (WSSD) and the importance of public-private partnerships, Smith-Sreen discussed the role of the USEPA's and USAID's EIS program in addressing global issues and local social, economic and environmental needs, the three main pillars of development. According to Smith-Sreen, USAID's Energy Efficiency and Renewable Energy program has already helped reduce 9.5 million tons of CO_2 in India. Smith-Sreen added that development in India will be driven by the private sector and stressed the need to couple private and public sector commitments to move sustainable development forward in India.

Overview of IES

Susan Wickwire, head of the USEPA's International Capacity Building Branch provided an overview of the EIS program and its efforts to assist developing countries identify renewable energy and energy efficiency technologies and policies that have local air quality, public health, economic, and greenhouse gas (GHG) reduction benefits. Wickwire highlighted some of the work that the IES program is undertaking with government agencies and research institutions in China, South Korea, Argentina, Chile, Mexico and the Philippines and the program's emphasis on building community outreach and incorporating business interests early in each program's development. She stressed the importance of designing environmental policies that are not only cost effective and financially sound but that are politically acceptable as well. Wickwire noted that business had an important role to play, particularly in the policy implementation phase. Wickwire discussed the role of the IES' program in Chile that lead to a request by the Chilean government for Global Environmental Facility (GEF) funding to develop an integrated transportation program. In China, Wickwire also highlighted the social benefits that came with each ton of CO_2 reduced by the China IES program and the overall benefits to human health.

Introduction to the IES India

Following Wickwire's global introduction to the IES program, Gayathri Ramachandran, Director General of the Environmental Protection Training and Research Institute (EPTRI), provided an overview of the USAID and USEPA IES program in Hyderabad, India. Ramachandran stated that the overall objective of the Hyderabad IES program was to identify policies that achieved multiple economic health and environmental benefits. The project's primary focus is to look at air quality and air emissions resulting from Hyderabad's transportation and industrial sectors and the potential to improve indoor air quality and reduce greenhouse gas emissions in all of Andhra Pradesh state, where Hyderabad is located. On the transportation side, Ramachandran cited the need to address air pollution from two and three wheel vehicles. At the industrial level, she noted that the IES program is presently monitoring air quality in 20 locations throughout Hyderabad and working with the Tata Energy Research Institute (TERI) to assess indoor air quality issues, as well.

Panel Discussion on Business Engagement in Environmental Policy

Indian Business Perspective. V. Raghuraman, head of the Energy Policy and Climate Change offices at India's Confederation of Indian Industry (CII) discussed the important role of business in addressing climate change issues and highlighted a number of the obstacles to climate change mitigation in India. Raghuraman began his presentation by citing India's low per-capita income and low gross domestic product (GDP) growth rate. At the same time, he noted that energy consumption was on the rise and that the nation would have to double its power capacity in the next ten years. The challenge for India, he claimed, was being able to find and pay for low CO_2 emitting technologies. Raghuraman discussed the role of CII's Green Business Center in educating business on environmental issues and helping create opportunities in the energy and energy conservation and manufacturing sectors. Raghuraman cited commercial energy subsidies as a major obstacle to clean energy development in India and that, long-term fiscal policies and the right price signals were essential for the growth of the energy sector. He also added that Kyoto's Clean Development Mechanism would be beneficial for providing investment in new clean technologies.

Indian Automotive Perspective. Tapan Basu, General Manage of Bajaj Auto Ltd. that manufactures clean energy and electric vehicles in India, discussed the impacts of the transportation sector on greenhouse gas emissions in India. According to Basu, India has been operating on a "business as usual" basis for some time with no greenhouse gas position. He added that the two main options for reducing emissions from the automobile sector was the phasing-out of old vehicles and the development of alternative fuels; remove diesel fuels from the public transport sector or the use of liquid propane gas (LPG). From Basu's perspective, getting rid of old polluting vehicles was the best option. He also stated that greater regulations and tax and industrial incentives were required. Basu continued by stressing the need to take care of end users and stated that electric vehicles in India, even assuming the source of electricity came from Indian coal, could reduce CO_2 emissions by as much as 150 tons per day. For electric vehicles to be successful, however, he said, there needed to be volume to drive down costs. For this government incentives and regulations were needed.

Corporate Responsibility: The Role of Business in Climate Mitigation. Melissa Whitehead, Director of the International Institute for Energy Conservation's (IIEC) South African office discussed the impacts that everyday business actions have, such as traveling to a conference, on climate change. Whitehead outlined the recent launch of "Climate Legacy" (CL) at WSSD through which participants could offset their emissions from air travel by investing in local clean energy projects. Whitehead claimed that while the technologies and interest existed on the part of business, labor and government to mitigate against climate change, when it came down to actual implementing and paying for such reductions, there was a gap. According to Whitehead, there was a resistance by the private sector to take part in the CL program despite moral support for its overall cause. Whitehead cited the need to better stress the added economic and marketing value provided by the program. Whitehead claimed that the lessons from the CL are applicable to other programs that incorporated the private sector. She stated that in developing climate change policy solutions, it was necessary not only to look to industry for answers. She also stressed the need to focus on energy efficiency and the transport sector. Whitehead stressed the importance for policy initiatives to explore how they can provide added value to the private sector, be it economic, public relations, or otherwise and if possible to be able to sustain market transformation.

Clean Energy Infrastructure Development: A Finance Perspective. Bikash Pandey, Director of Winrock International's Clean Energy Program in Nepal emphasized the need for policies to not only to take a regulatory approach to solving environmental problems but to also find ways to make business care about the issues and provide incentives to solve such issues on their own. Pandey discussed the environmental and economic problems facing Nepal and Winrock International's work to promote the use of electric three wheel vehicles and electric trolley buses. According to Pandey, one of the primary obstacles facing clean energy enterprises in developing countries is the lack of equity investors and credit from commercial banks. At present, Winrock is working to establish a clean energy infrastructure bank in Nepal with six million in paid in capital to fund projects. Pandey stressed the importance of finance issues in the adoption of clean energy policies.

Wrap-Up and Discussion

Smith-Sreen provided a brief summary of the presentations and opened up the floor for questions. Participants discussed the need for better training and market signals such as consumer tax credits and rebate programs to promote clean technologies and energy efficiency. On the issue of transportation, Whitehead stressed the need to look at not only at end pipe emissions but at broader issues such as traffic flows. Discussion also centered on whether it was appropriate for the private sector to be involved at the research, analysis, policy, technical or education awareness phase of a project. The panel generally agreed that the earlier the private sector is involved in the policymaking process, the better.

Created in 1992, the BCSE is an industry trade group comprised of companies and industry trade associations in the energy efficiency, natural gas, renewable energy, independent power and electric utility industries. The Council emphasizes market-based approaches as models for efforts to reduce pollutants. In addition, the Council works on international financing, climate change mitigation, tax issues and global market development. "Partnering with Business" is a three-year project aimed at promoting the expansion of markets for sustainable energy technologies in developing countries and economies in transition. As part of this project, the BCSE convenes industry roundtables and seminars for international audiences on market development issues to strengthen relationships with the private sector and communicate best practices in clean energy technologies and use. The October 26 industry roundtable was supported by USAID, Global Bureau, Environment Center, and Office of Energy and Information Technology as part of the Partnering with Business Project.